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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

CC:GLS:102896-02
CLP:JBarry

MEMORANDUM FOR JONI TRONCOSO
CHIEF, PERFORMANCE EXCELLENCE
S:M:SRPM:PE

FROM: Neil B. Worden
Chief, Claims, Labor and Personnel Law Branch
CC:FM:GLS

SUBJECT: Clarification of Terminology Used in 26 CFR Part 801 Section 6(b)
Balanced Measures Business Results Quality

This responds to your request for our opinion concerning matters relating to 26 CFR Part 801, Establishment of a Balanced Measures System. Your questions are set forth below followed by our responses.

When we spoke to Brenda Beasley of your staff, we indicated that while we could provide "legal" responses to your questions, a number of the areas of inquiry raised policy concerns that should be coordinated with the Office of Organizational Performance Division (OPD). Ms. Beasley responded that, for the time being, SB/SE was interested only in the legal requirements. [REDACTED]

DP

Question No. 1: What is the specific meaning and legal intent of the term "specially dedicated staff" contained in section 801.6(b).

Response: 26 CFR § 801.6(b) provides that the quality measure will be determined on the basis of a review by a "specially dedicated staff within the Internal Revenue Service" This section was drafted pursuant to specific input and guidance provided by the Service. The Service indicated that it contemplated utilizing the methodologies employed by the EQMS and CQMS processes for determining the quality results. Consequently, the language was drafted to take into account the fact that both the EQMS and CQMS process utilized specifically designated employees whose duties were to review the work of their organizations and determine its quality.

However, the language as written is broad enough to permit the Service to adopt whatever system it wants for determining its quality results so long as the results are determined by employees of the Internal Revenue Service who are specifically assigned that particular duty. Just how that process is to be implemented is a matter of policy within the discretion of the Service.

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Question No. 2: Does 801.6(b) permit the Service to set any reasonable level of statistical validity deemed proper through the advice of recognized experts and executive approval.

Response: The only limitation in the regulation is that the work sampled be a "statistically valid sample of work items." The regulations permits the Service latitude in establishing what it considers to be a "statistically valid sample." Consequently, the regulation would permit the Service to set any reasonable level of statistical validity deemed proper through the advice of recognized experts and executive approval.

Question No. 3: Is it permissible for a unit manager to conduct individual quality reviews in support of employee critical job elements while a small staff of dedicated reviewer's uses the same quality standards/attributes to validate managerial findings and to gauge organization effectiveness.

Response: Nothing in 26 CFR Section 801 would prohibit such a process. See our response to Question No. 1.

If you have any further questions regarding this matter, you may contact Julie Barry at 202-283-7912.